

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

2 MAY 1975

1201-73

The Honorable William Proxmire
United States Senate
Washington, D.C. 20510

Dear Senator:

Mr. Colby has asked me to respond to your letter of 14 April which requested some economic data for North Vietnam, China, and North Korea. I am enclosing tables of our estimates of these data.

As you know, official economic statistics published by these countries are very spotty. Therefore, much of the information in the enclosed tables represents our estimates and, unfortunately, does not meet your request in full. To attempt to provide more than these estimates would run the risk of misleading the scholars whom you wish to help.

In your letter you also asked for some information comparing the dollar costs of Soviet and US military programs for the period 1945-1965. The only consistent series of comparative USSR:US data on investment and RDT&E costs we have begins in 1964 as shown in the two charts (enclosed) which compare US and Soviet defense expenditures for the period 1964 to 1974. These charts are based on constant 1973 dollars and represent our present estimate of what it would have cost to pursue equivalent programs in the United States. As a cautionary note, I would point out that comparisons of military expenditures are not good indicators of relative military effectiveness.

Sincerely,

[Redacted Signature]

Edward W. Proctor
Deputy Director for Intelligence

,STAT

Enclosures:
Tables of Estimates
Charts (2)

LETTER TO: The Honorable William Proxmire
United States Senate
Washington, D.C. 20510

SUBJECT : Response to Senator Proxmire's request for
economic data for North Vietnam, China and
North Korea

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Notes on Statistics Provided for China,
North Korea, and North Vietnam

People's Republic of China

We think that the data provided for China represent reasonable orders of magnitude and rough indicators of general trends. Because the Chinese have released relatively few economic statistics during the past 15 years, we cannot make greater claims to accuracy than this despite painstaking efforts to make use of all bits and pieces of information. Although not included in the table, agriculture's share in China's GNP was slightly above 50% in 1952 and roughly 45% in 1957. We believe that it has declined steadily since 1957 to perhaps one-third of GNP in 1974. For a description of the sources of information underlying these data and the methodology for the GNP estimates, see Arthur G. Ashbrook, Jr., "China: Economic Policy and Economic Results, 1949-71," in the Compendium of Papers submitted to the Joint Economic Committee, Congress of the United States, People's Republic of China: An Economic Assessment, 1972, Appendix A, pp. 41-47, and Appendix C, pp. 49-51. Draft papers for a new compendium have been submitted.

North Korea

Information is even sparser for North Korea than for China, and the relative priority accorded ^{research on} North Korea is less. Therefore, fewer estimates have been pieced together

for North Korea. We have GNP numbers for only three years (1970, 1973, and 1974), and these estimates have been rounded to the nearest billion dollars in keeping with their rudimentary nature. However, in the table we have presented the official North Korean index of the gross value of industrial production, which may serve as a proxy for changes in GNP for some purposes. This official index, while undoubtedly overstating the actual industrial growth rate, probably reflects the changes in rates of growth quite well and is available for almost every year since 1950. The agricultural share of North Korean GNP was roughly 20% in 1974. It probably was at least 30% in 1960 and even higher during the 1950s. For a description of the information problem as it relates to the North Korean economy, see Joseph Sang-hoon Chung, The North Korean Economy: Structure and Development, Hoover Institution Press, Stanford University, 1974, Appendix B, pp. 169-177.

North Vietnam

Like the Chinese and North Korean figures, the North Vietnamese data are at best rough estimates. Nonetheless, they probably depict trends and orders of magnitude with reasonable reliability.

During 1957-63, North Vietnam published a fairly consistent series of national accounts data. With allowances for gaps and omissions of such items as government

services and defense, they provide a basis for estimating the components of GNP and projecting subsequent changes. Since 1963, trends in the North Vietnamese economy have been estimated mainly on the basis of press commentary.---

Exports have been based on official North Vietnamese statistics during 1957-63. For subsequent years, they have been compiled from trading partner statistics. We estimate that the share of agriculture in GNP declined from about 45%-50% in 1957 to 35%-40% in 1974. Tax data are not available. Although specific details on expenditures are also unavailable, defense spending (excluding Soviet and Chinese aid) generally has ranged between 10% and 15% of GNP.

As for population, North Vietnam has conducted two censuses. The first showed a population of 15.9 million on March 1, 1960. The second reported a population of 23.8 million on April 1, 1974 -- an increase of nearly 50%. We believe that because of probable shortcomings in the coverage of the earlier census, the implied average annual growth rate of 2.9% overstates the actual population growth rate. A rate of 2.5% seems more appropriate.

People's Republic of China, North Korea, and North Vietnam: Selected Economic Data, 1950-74

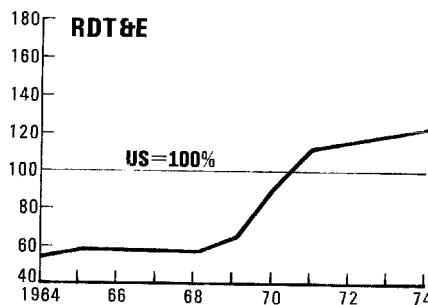
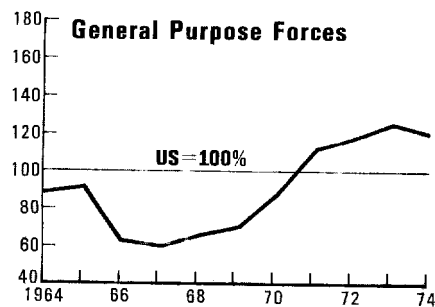
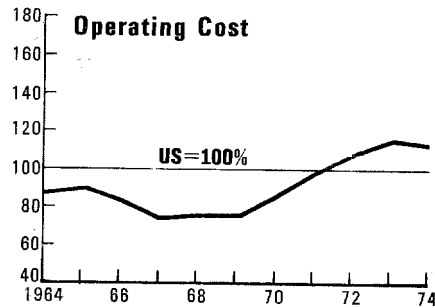
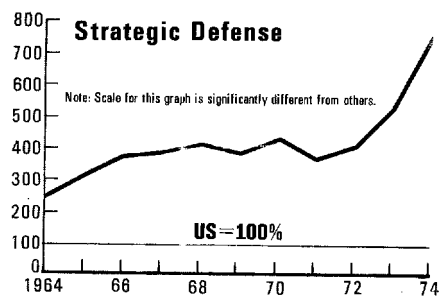
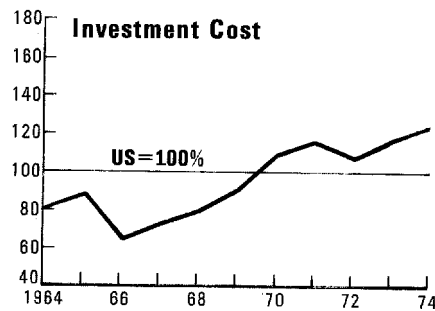
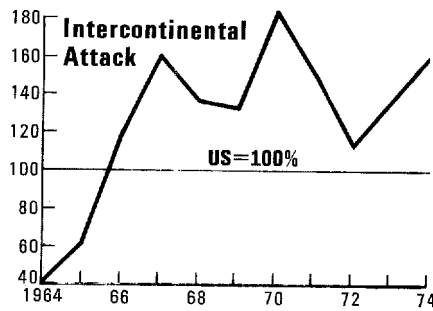
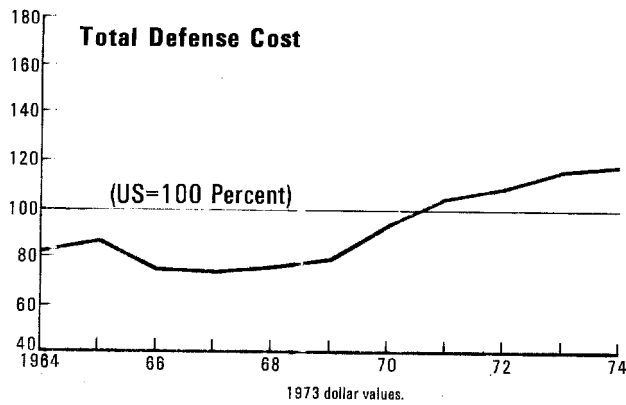
	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
<u>People's Republic of China</u>												
GNP (billion 1973 US\$)	49	56	67	71	75	82	88	94	113	107	106	82
Total exports (billion current US\$)	0.62	0.78	0.88	1.04	1.06	1.38	1.64	1.62	1.94	2.23	1.96	1.5
Population, mid-year (million persons)	547	558	570	583	596	611	626	641	657	672	685	695
Total taxes ¹ (billion current yuan)	5.8	11.2	15.5	19.6	23.2	23.9	27.5	29.9	40.8	53.8	N.A.	N.A.
<u>North Korea</u>												
GNP (billion 1973 US\$)	N.A.	→										
Industrial production (index, 1960=100)	14	7	8	10	16	23	29	42	58	88	100	114
Total exports (million current US\$)	76 ²	N.A.	N.A.	31	N.A.	45	66	100	135	113	154	160
Population, mid-year (million persons)	9.2	8.5	8.3	8.4	8.7	8.9	9.3	9.6	10.0	10.2	10.6	10.
Total taxes ³ (billion current won)	0.2 ²	N.A.	N.A.	0.5	0.9	1.1	1.0	1.3	1.5	1.7	2.0	2.4
<u>North Vietnam</u> ⁴												
GNP (million 1964 US\$)	N.A.	→						835	885	1040	1095	1185
Total exports (million current US\$)	N.A.	→						40	50	65	80	80

People's Republic of China, North Korea, and North Vietnam: Selected Economic Data, 1950-74

	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974 (Preliminary)
<u>People's Republic of China</u>													
GNP (billion 1973 US\$)	93	103	117	134	145	141	142	157	179	190	197	217	223
Total exports (billion current US\$)	1.53	1.57	1.75	2.04	2.21	1.95	1.94	2.03	2.05	2.41	3.08	4.90	5.9
Population, mid-year (million persons)	704	716	731	747	763	780	798	817	837	857	877	899	920
Total taxes ¹ (billion current yuan)	N.A.	→											
<u>North Korea</u>													
GNP (billion 1973 US\$)	N.A.	→							5	N.A.	N.A.	6	7
Industrial production (index, 1960=100)	137	148	173	195	192	224	258	N.A.	332	N.A.	446	531	623
Total exports (million current US\$)	174	184	197	198	221	226	253	272	316	333	398	488	575
Population, mid-year (million persons)	11.2	11.5	11.8	12.2	12.6	13.0	13.4	13.8	14.2	14.6	15.1	15.5	16.0
Total taxes ³ (billion current won)	2.9	3.1	3.5	3.6	3.7	4.1	5.0	5.3	6.2	6.4	7.4	8.6	9.8
<u>North Vietnam</u>													
GNP (million 1964 US\$)	1295	1315	1380	1480	1400	1400	1400	1500	1600	1500	1400	1500	1600
Total exports (million current US\$)	100	100	110	110	85	65	55	50	65	70	40	95	125

1. Total taxes and remitted profits of state enterprises.
2. 1949 data.
3. Total revenue of the state budget.
4. The notes to this table provide estimates of taxes and population for selected years.

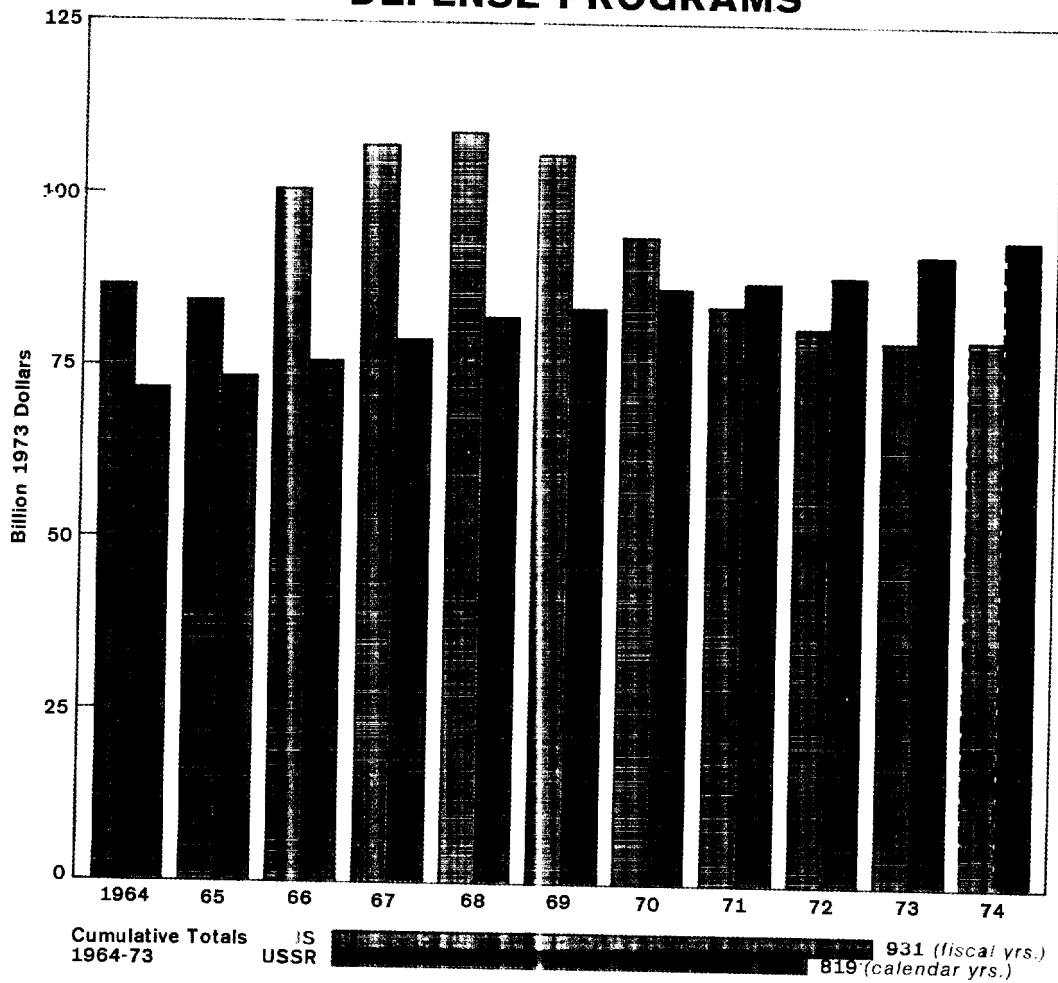
Dollar Cost of Soviet Programs as a Percent of US Defense Expenditures*



Note: Percentages calculated from 1973 dollar values.

*Department of Defense data has been adjusted for comparable coverage.

US Expenditures and Estimated Dollar Costs of Soviet DEFENSE PROGRAMS



The dollar figures for the USSR are estimates of what the Soviet forces and programs would cost if purchased and operated in the US. The dollar figures are obtained by costing individual Soviet forces and programs. US 1974 expenditures are programed and Soviet 1974 estimates are preliminary.